## **Composite Income Tax Returns -- Oil & Gas Depletion Deduction**

Is oil and gas depletion an allowable deduction on a composite return?

No. A partnership or S corporation may file a composite return on Form 106 for its nonresident partners or shareholders as a simplified way of paying the income tax owed by those taxpayers. Due to federal rules regarding oil and gas depletion, a deduction for depletion is not allowed when computing a composite return.